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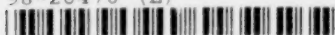
Third regular session 1998
14-16 and 21-22 September 1998, New York
Item 7 of the provisional agenda

REPORT OF THE OPEN-ENDED, AD HOC WORKING GROUP ON THE
UNITED NATIONS DEVELOPMENT PROGRAMME FUNDING STRATEGY

1. In its decision 98/3, the Executive Board of the United Nations Development Programme (UNDP) and the United Nations Population Fund (UNFPA) established the Open-Ended, Ad Hoc Working Group on the United Nations Development Programme Funding Strategy, in response to concern over the decline in core resource funding for UNDP. Decision 98/3 tasked the Working Group with a review of various funding mechanisms as well as other options to place the funding of the Programme on a predictable, assured and continuous basis. The Working Group was also tasked with the development of guidelines and criteria to set funding targets for the Programme's core resources as well as consideration of the matter of burden-sharing.

2. The deliberations of the Working Group took place in the context of declining official development assistance and growing United Nations emphasis on development financing generally. In particular, related but independent work by the United Nations Children's Fund and UNFPA on their funding strategies and General Assembly consideration of the matter of financing for development added insights to the deliberations of the Working Group. As was clearly indicated in the documentation put before the Working Group, UNDP core resources, reflected as actual income received, declined from \$891 million in 1993 to \$761 million in 1997. At the same time total Programme resources increased from \$1.583 billion in 1993 to \$2.185 billion in 1997 (actual income).

3. The Working Group met formally 13 times. It considered inputs from UNDP, members of the Programme and United Nations development agencies. Presentations from the World Bank and the International Fund for Agricultural Development provided the Working Group with insight into the resource mobilization strategies of these institutions. While separate institutions with differing mandates, their experiences were of assistance in guiding the Working Group's deliberations. In particular, they highlighted the need for a sense of commitment to the organization and that the funding strategy needed to reflect the interests as well as constraints of all partners. Several formal



submissions were put before the Working Group and some of these contributed materially to the present report and the elements for a decision contained in its annex. Topics addressed included current and historical perspectives on Programme funding, determination of Programme funding requirements, hedging practices, criteria for setting core funding targets, the Programme's profile and burden-sharing.

4. It was emphasized on a number of occasions that a renewed sense of partnership was the key to the Programme's future and the successful outcome of the Working Group. While this took expression in different forms, there was support for the notion of shared and renewed commitment to UNDP by programme countries, donor countries and the Programme itself. In this context, a number of delegations looked to the development of a package of actions, to be undertaken by the Programme, donors and programme countries, that collectively would take the Programme forward in both funding and programming terms.

5. A considerable number of informal meetings of participants of the Working Group were held under the auspices of different delegations. The UNDP secretariat participated actively in these and was a full partner in all discussions. In the week before the third regular session of the Executive Board, a concerted effort was made to reach agreement on the remaining areas of concern and a further three informal discussions were held.

6. Over the course of the 30-week life of the Working Group, many ideas were shared, including formal presentations and detailed consideration of submissions from Programme members. A central point of agreement was that core contributions to the Programme should remain voluntary. There was also agreement that the funding strategy needed to incorporate not only matters of predictability but also of volume, and that any measures proposed should not alter the fundamental nature of UNDP operations or introduce conditionality. The contribution of non-core resources and partnerships necessary to develop these were also recognized. However, on matters such as burden-sharing, the relationship between programme objectives, outcomes and resource mobilization, and how to attain a core resources funding target, a variety of perspectives remain.

7. These matters will be further explored at the current session of the Executive Board. The Executive Board may wish to consider the draft decision contained in the annex (English only) of the present report in seeking to determine a funding strategy for UNDP.

8. The present report was prepared by Alan March, Chair of the Open-Ended, Ad Hoc Working Group on the United Nations Development Programme, on behalf of the President of the Executive Board.

Third regular session 1998
14-16 and 21-22 September 1998, New York
Item 14 of the provisional agenda

OTHER MATTERS

MISSION REPORT

UNDP/UNFPA EXECUTIVE BOARD

Field visit to Bangladesh

(22 February-1 March 1998)

I. BACKGROUND

1. The present report represents the findings of a field visit by the UNDP/UNFPA Executive Board to Bangladesh from 22 February to 1 March 1998.
2. The principal objective of the mission was to gather information on the compatibility of UNDP and UNFPA cooperation with the national development objectives as well as with the approved policies of UNDP and UNFPA.
3. The mission consisted of representatives from the following Board members: Antigua and Barbuda,^{1/} Argentina, China, the Czech Republic, Germany, Ghana,^{1/} the Netherlands,^{1/} the Republic of Korea, Ukraine and the United Republic of Tanzania.^{2/}
4. The mission was accompanied by Mr. Richard Snyder, Chief, Executive Board Branch, UNFPA.

^{1/} Ms. Dornella Seth, Counsellor, Permanent Mission of Antigua and Barbuda to the United Nations, Ms. Messie Amoah, Counsellor, Permanent Mission of Ghana to the United Nations, and Ms. Marja Cochijs, First Secretary, Permanent Mission of the Netherlands to the United Nations, were nominated as rapporteurs.

^{2/} Mr. Richard Dogani, Minister Counsellor, Permanent Mission of the United Republic of Tanzania to the United Nations, was selected as team coordinator.

Resident Representative, and Mr. Alain Mouchiroud, UNFPA Country Representative for Bangladesh.

6. The mission visited government and local authorities, project managers and non-governmental organizations (NGOs) in Dhaka; Kishoreganj (UNDP segment: poverty alleviation programme); Comilla (UNFPA segment: population education, maternal and child welfare centre, family welfare education through rural cooperatives); Gazipur (UNDP segment: UNDP, Food and Agriculture Organization of the United Nations (FAO) training project). These projects enabled the mission to have direct contact with people at the grass-roots level.

II. SITUATION ANALYSIS AND OBSERVATIONS BY THE MISSION

7. Bangladesh remains one of the poorest nations in the world. According to the Human Development Report 1997, in terms of its human poverty index, it ranks 67 out of the 78 developing countries for which adequate data was available. According to the World Bank, the current average per capita gross national product (GNP) is \$240 and one half of the population lives below the poverty line. More than one half of the population is illiterate. However, in recent years, considerable progress has been made in public services delivery, resulting in the improvement of some social indicators. Bangladesh is performing moderately well economically, with an annual gross domestic product (GDP) growth rate of a little over 4 per cent. The Government has indicated its intention to raise and stabilize GDP at a level of 6 to 7 per cent during the coming years.

8. With 124 million people, Bangladesh has the ninth largest population in the world. In addition, with 860 people per square kilometre, Bangladesh is one of the most densely populated countries (as an example: if the total world population were to be placed in the United States, the United States would still be less densely populated than Bangladesh). However, Bangladesh has made significant progress in reducing population growth from over 3 per cent in 1971 to 1.6 per cent in 1996. Population growth, the loss of land due to erosion, declining soil fertility and various social inequities have rendered increasing numbers of Bangladeshis landless. Poverty and landlessness in the rural areas combined with a rising population have generated massive rural-urban migration.

A. International relations and external assistance

9. Since its independence in 1971, Bangladesh has had strong links with the United Nations. These have included active participation in the General Assembly, leadership of the least developed countries, large-scale contributions to peace-keeping operations, and extensive partnership for development programmes in the country itself.

10. During the period 1990-1995, Bangladesh received \$10.2 billion of official development assistance (ODA) (net disbursements). The high level of dependence of Bangladesh's GNP on external aid (over 10 per cent of GNP in 1987) declined to 4 per cent by 1995. The main reason for this decline, however, is not so

much the result of the economic development of the country itself, as a decline in the bilateral and multilateral ODA disbursements, from a total of \$2.1 billion in 1990 to \$1.7 billion in 1996/1997. This trend can be expected to continue, due to an overall decrease in available resources, combined with donor dissatisfaction with development cooperation with Bangladesh, and widespread implementation problems. Of the total ODA provided in 1996/1997 almost 44 per cent was provided by multilateral donors, some 95 per cent of which by international financial institutions and other non-United Nations agencies, and only 5 per cent by the United Nations.

B. Aid coordination

11. The Government of Bangladesh has in principle the primary responsibility for overall aid coordination. However, due to administrative difficulties, coordination tends in practice to lie mainly with the donor community rather than Government. Despite the existence of a donor coordination mechanism under the aegis of the World Bank Consultative Group, the extremely large number of development actors makes coordination very difficult. UNDP, the United Nations Children's Fund (UNICEF) and the World Food Programme are members of the Paris Aid Club. However, the mission was informed that UNFPA, the major funding agency in the field of population and health issues, was not invited to the Paris Aid Club consultative meetings. The local Consultative Group, consisting of some 20 sub-groups for various sectors, meets regularly. Some sub-groups involve NGOs and representatives of the Government. The mission took part in one sub-group meeting and observed that there was an open exchange of experiences. It was mentioned, however, that more donor coordination than only exchange of experiences was needed.

12. During discussions with the Economic Relations Division of the Ministry of Finance, the Secretary pointed out that as far as the division of development assistance between the multilateral and bilateral donors was concerned, the former tended to be more policy-oriented, whereas the latter focused more on project implementation. The neutrality of the United Nations was mentioned as a major asset versus the bilateral donors.

13. The cooperation between the United Nations organizations and international financial institutions seemed to function rather well, although it was mentioned that because of the enormous discrepancies between the aid volumes of the World Bank and the United Nations, the former did not fully involve the United Nations agencies in its programming.

14. During a meeting with United Nations specialized agencies, the mission noted a positive attitude towards coordination as a necessary process for avoiding duplication and for focusing on areas of comparative advantage. It was also mentioned that all agencies had a common agenda for their support to Bangladesh, namely, the elimination of poverty. At the execution level, however, each agency still appeared to have its own approach to project design, implementation and monitoring, as well as its own programming cycle. The drawing up of a Memorandum of Understanding between the various agencies was mentioned as a useful instrument for horizontal coordination.

15. The linkages between the United Nations and civil society are very close. Mainly because of the low implementation capacity of the Government, United Nations agencies have increasingly sought to expand their partnership with civil society organizations, particularly NGOs. Furthermore, the NGOs in Bangladesh have unique experience in community mobilization and participatory development. Both UNDP and UNFPA have extensive and close cooperation networks with many NGOs. Also the Government has realized the potential of NGOs in poverty alleviation and seeks close cooperation with them.

C. United Nations coordination

The country strategy note and the United Nations Development Assistance Framework

16. The Government has not yet prepared a country strategy note (CSN), and has requested the support of the Resident Coordinator in its elaboration. It is hoped that once the CSN is finalized, it will be superseded by a United Nations Assistance Framework (UNDAF).

17. United Nations agencies in particular are engaged in exploring opportunities for joint programming and focusing further on joint priorities, such as poverty alleviation, food security, nutrition, education for all and responsive governance. The programming cycles of UNDP, UNFPA, UNICEF and the World Food Programme (WFP) are not yet harmonized. Nevertheless, the fifth five-year plan (mid 1997-mid 2002) provides a country-driven framework for the United Nations agencies to harmonize their programmes. The first step towards this goal will be in 1998, with the request by the Government to extend the UNDP country cooperation framework (CCF) for two years to 2000, allowing UNDP programme cycle to terminate with other United Nations Development Group partners.

United Nations Resident Coordinator

18. In Bangladesh, the UNDP Resident Representative is also the United Nations Resident Coordinator. It was mentioned that with coordination being of such high importance in Bangladesh, the coordination functions of the Resident Coordinator will become more demanding and may jeopardize the development tasks of the UNDP Representative. The question was raised whether a division of labour between the United Nations Resident Coordinator, being the representative of the overall United Nations system, and the representative of a United Nations agency should not be contemplated in future.

D. Common premises and services

19. The United Nations family in Bangladesh presently occupies 12 separate buildings in different locations. Some United Nations agencies will be obliged to move from existing premises during 1999 as a result of non-renewal of leases and substandard conditions. Arrangements are being finalized for United Nations Development Group (UNDG) agencies to move to common premises. The move will initially cover only UNDP, UNFPA and WFP, with UNICEF joining upon termination of its current lease in 2001. Other United Nations agencies have expressed interest in joining, but practical and substantive problems, such as budgetary

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implications, loss of identity of "smaller" agencies, and security problems (easy target in case of political unrest) were mentioned as impeding elements.

E. National execution

20. When drafting the first CCF, it was agreed that national execution was to be the predominant modality for project implementation. The aim was to achieve 80 per cent by the end of the three-year period. Although the Government has repeatedly stressed its intention to achieve an efficient and transparent public administration, progress so far has been slow. This has resulted in unsatisfactory delivery performance. Major problems encountered were the enormous bureaucracy of the national and local governments, insufficient management capacity, especially at the local level, and the lack of substantive and financial accountability and monitoring and evaluation. National execution and the lack of national capacity have created serious pressures for UNDP, as it is increasingly drawn into project implementation. There have, however, been good experiences with national execution with support from UNFPA and FAO.

21. Since national ownership of projects and programmes is considered to be a critical element in obtaining sustainability, the Government and UNDP have been searching for mechanisms to enhance national execution capacity. Negotiations are proceeding to expand national execution from that undertaken only by government institutions to include NGOs and the emerging private sector with social responsibility.

F. The programme approach

22. The Government has as one of its main policy objectives the extension of economic growth to the majority of the population and, through the South Asian Association for Regional Cooperation, has committed itself to the eradication of poverty by the year 2005. Along with other development partners, UNDP has also committed itself to the challenge of poverty eradication in Bangladesh, and to the achievement of sustainable development. The magnitude and complexity of poverty require a holistic programming approach. The Government has set up a comprehensive national programme for poverty alleviation. UNDP supports the elaboration of the national poverty alleviation programme, focusing on the poorest and most deprived, especially women, through a participatory approach. It is expected that such an approach builds consensus and ownership at all levels, enhancing the likelihood of sustainability of the activities.

III. SUPPORT BY UNDP AND UNFPA

23. The efforts of the Government to alleviate poverty are complemented by the highly appreciated support provided by UNDP, UNFPA and other United Nations specialized agencies. Support provided by both UNDP and UNFPA is in line with their mandates and the Government's priority objective of poverty alleviation.

24. At the village level, UNDP and UNFPA are supporting social mobilization through the formation of village organizations and cooperatives, as well as through institutional development at the grass-roots level, with the aim of advancing poverty alleviation programmes.

25. On gender issues, both UNDP and UNFPA activities aim at the advancement of women, and receive support from the Government of Bangladesh, which has an interest in strengthening the role of women in the development process. Increasingly, women's participation in the economic, political and social spheres is beginning to be recognized as an essential component of sustainable human development.

26. Difficulties faced by the two bodies in programme implementation include delays in government approval processes, constant rotation of officials, and inadequate staff in relation to the size of the country programme.

A. UNDP

27. The mission noted the technical and financial support provided by UNDP, in collaboration with district and local authorities, to strengthen activities at the grass-roots level to promote poverty alleviation and self-sufficiency. UNDP supports income-generating activities through micro-credit schemes, farming, aqua-culture and cooperatives. UNDP is to be commended for its translation of the sustainable human development mission into projects that enable a large part of its resources to reach and have an impact on the lives of people at the community level. (This effort must be encouraged, with particular emphasis on activities leading to the provision of basic social services, employment creation and the advancement of women).

28. Micro-credit. The objective of this thematic approach is to provide the poor populations in rural and urban areas, particularly women, with the capabilities needed to improve their standards of living and to increase their contribution to the development of their country. Towards this end, the initiative is aimed at improving the access of the poor to micro-financing provided by sustainable institutions that focus on serving the poor populations, thus expanding opportunities for self-employment and income-generating activities.

29. Farming. In the agricultural sector, the mission visited projects designed to achieve increased agricultural production, both in terms of quality and quantity, while eliminating the harmful effects of the excessive use of pesticides, providing extension services to several hundred farmers and ensuring that produce is marketable, at least domestically. The projects also aim at eliminating plant and soil diseases, and introducing appropriate technologies and scientific research methodologies. The mission noted the support UNDP is providing in the preparation of country-wide policies and data analysis that will ensure the rational use of the country's resources on a sustainable basis, through continuous monitoring and the use of appropriate technologies.

30. Fisheries. The mission observed UNDP support to the fisheries sector through local and innovative mechanisms designed to meet the demand for a management policy for marine resources and aquaculture development. This sector has the potential to meet domestic fish consumption requirements and hopefully to create an export industry, thus generating employment opportunities.

31. Training. UNDP also supports training activities within the framework of sustainable human development. Practical training provided through field

activities in the areas of cereal technology transfer, integrated pest management, rice cultivation and irrigation, and cattle-rearing is yielding fruitful results and advancing the goal of poverty alleviation. Women are also being trained in various fields through the development of village organizations and adult literacy programmes. Further support in the area of training is being provided through the financing by UNDP of equipment for the training of parliamentarians.

The question of focusing

32. The mission noted that the areas of concentration of UNDP activities for Bangladesh are in line with the United Nations integrated follow-up of international conferences in general and the UNDP sustainable human development strategy in particular, supporting different yet interrelated dimensions.

33. However, the mission noted with concern the low level of programme delivery, which seemed to be caused by management constraints in the implementation of projects by the national and local authorities, as well as by the new programme approach to the CCF. Both the Government and UNDP acknowledged this low rate of implementation and disbursement and reaffirmed their agreement to urgently address these constraints through various measures, with a view to enhancing the capacity for national execution.

B. UNFPA

34. UNFPA activities focus on advancing the goals of the International Conference on Population and Development (ICPD) even while responding to the specific population needs of Bangladesh. These activities are undertaken in close collaboration with the Ministry of Health. Basically, UNFPA plays three roles in Bangladesh: implementation of the country programme, including procurement of contraceptives, advocacy (outcomes of ICPD and the Fourth World Conference on Women) and representation.

35. The mission was particularly impressed by UNFPA support in the areas of reproductive health and family planning, and visited projects involving maternal and child health, family planning and information, HIV/AIDS and health services for commercial sex workers. UNFPA activities are also conducted in close collaboration with NGOs, who also act as liaison agencies for various activities.

36. The family planning programme has achieved great success over the years, with contraceptive prevalence rate increasing from 7 per cent in 1975 to 49 per cent in 1996. This success has been achieved largely through doorstep delivery of contraceptives. The mission was informed that UNFPA plays a very important but time-consuming role in procuring contraceptives for Bangladesh.

37. Reproductive health activities have also been very successful, supporting maternal and child welfare centres through restoration and the provision of equipment for these centres. The success of the centres is attributed to factors such as the appropriate training of staff, the quality of services, and gender sensitivity.

38. During a meeting, the Minister of Health acknowledged the invaluable contribution of UNFPA to government efforts in the health sector. The mission was informed that the Government is now aiming at increasing the participation of social workers to enable them reach the farthest and poorest areas of the country. The problem of the lack of coordination between the Government and NGOs in the field was recognized. Other problems that need to be resolved in the area of health included inadequate hospital facilities, insanitary conditions and arsenic contamination.

39. The UNFPA advocacy role is undertaken through population education provided to youth clubs, women's cooperatives, and religious and community leaders, as well as through support for management improvement provided to the Department of Women's Affairs.

40. The Mission was informed that UNFPA normally achieves close to 100 per cent programme delivery.

IV. RECOMMENDATIONS

41. The mission encourages United Nations development organizations to:

(a) Support Government in strengthening its role in aid coordination in order to allow it to take over full responsibility in this field;

(b) Strengthen collaboration further with Bretton Woods institutions;

(c) Study further, together with the national authorities, ways to improve implementation rates, particularly with regard to UNDP activities;

(d) Continue to apply a multisectoral and decentralized approach that targets the needs of the poor in order to obtain self-sustaining programmes;

(e) Continue systematic support to strengthening national capacity for improving national execution;

(f) Make every effort to harmonize their programming cycles;

(g) Continue the preparation of a CSN and a subsequent UNDAF.

42. The mission encourages UNDP and UNFPA to:

(a) Continue their support to strengthen the sustainable human development capacity of Bangladesh;

(b) Sustain their support to the follow-up to United Nations global conferences to the extent that such follow-up falls within the objectives and provisions of the cooperation framework.

43. The mission recommends that UNFPA, as a major funding agency, become a member of the Paris Aid Club consultative group, as are UNDP, WFP and UNICEF.

44. UNFPA might wish to consider further possibilities of procurement of contraceptives by the private sector.

V. GENERAL OBSERVATIONS

45. The mission is of the view that the development actors should improve coordination among themselves.

46. Some members of the mission wish to encourage the UNDP/UNFPA Executive Board to consider future Executive Board field visits to be scheduled as joint trips of UNDG Executive Boards, to strengthen cooperation further within UNDG.

47. The mission wishes to express deep appreciation to the Government and people of Bangladesh for the hospitality accorded to members of the mission during the visit. The mission also extends sincere thanks to both UNDP and UNFPA for the extensive programme, meetings with Government officials, briefings, documentation and other arrangements that ensured a successful visit. The visit was most educational and beneficial in providing a clearer understanding of UNDP and UNFPA operations in the field.
